

AD-A035 325 ARMY WAR COLL STRATEGIC STUDIES INST CARLISLE BARRACKS PA F/G 5/4
THE ROLE OF ARMS TRADE IN A CHANGING WORLD ENVIRONMENT. (U)
DEC 76 W B HANKEE

UNCLASSIFIED

NL

1 OF 1
AD-A
035 325



END
DATE
FILMED
3-15-77
NTIS

**U.S. DEPARTMENT OF COMMERCE
National Technical Information Service**

AD-A035 325

**THE ROLE OF ARMS TRADE IN A
CHANGING WORLD ENVIRONMENT**

**ARMY WAR COLLEGE STRATEGIC STUDIES INSTITUTE
CARLISLE BARRACKS, PENNSYLVANIA**

15 DECEMBER 1976

ADA 035325

STRATEGIC STUDIES INSTITUTE
US ARMY WAR COLLEGE
CARLISLE BARRACKS, PENNSYLVANIA 17013

6 DECEMBER 1976

ACN 78054

THE ROLE OF ARMS TRADE IN A
CHANGING WORLD ENVIRONMENT



MILITARY ISSUES RESEARCH MEMORANDUM

DISTRIBUTION STATEMENT:
Approved for public release;
distribution unlimited.

REPRODUCED BY
**NATIONAL TECHNICAL
INFORMATION SERVICE**
U. S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

DDC
REF ID: A72150
FEB 3 1977
A

**STRATEGIC STUDIES INSTITUTE
US ARMY WAR COLLEGE
Carlisle Barracks, Pennsylvania**

**THE ROLE OF ARMS TRADE
IN A CHANGING WORLD ENVIRONMENT**

by

William B. Hanke

15 December 1976

DISTRIBUTION STATEMENT:
Approved for public release;
distribution unlimited.

DISCLAIMER

The findings in this memorandum are not to be construed as an official
Department of the Army position.

FOREWORD

The United States has become the world leader in arms trade and the present Administration considers it to be an important instrument of American foreign policy and national security. This memorandum indicates that many considerations normally are involved in a US Government decision to provide, or not provide, arms to another country. The author considers the basic issue one of making the best possible systematic judgment in light of the totality of US interests, just as is done in other international political judgments. He finds that it is difficult to fault the stated objectives and logic of the US approach to arms sales, but believes there is evidence to suggest that US actions may not be in line with long-range US interests.

The Military Issues Research Memoranda program of the Strategic Studies Institute, US Army War College, provides a means for timely dissemination of analytical papers which are not necessarily constrained by format or conformity with institutional policy. These memoranda are prepared on subjects of current importance in areas related to the author's professional work or interests.

This memorandum was prepared as a contribution to the field of national security research and study. As such, it does not reflect the official view of the College, the Department of the Army, or the Department of Defense.



DeWITT C. SMITH, JR.
Major General, USA
Commandant

BIOGRAPHICAL SKETCH OF THE AUTHOR

MR. WILLIAM B. HANKEE has been with the Strategic Studies Institute since 1963. A former command pilot with the US Air Force, his military assignments include tours of duty in England, Germany, North Africa, Japan, and Vietnam. He holds a bachelor's degree in military science from the University of Maryland and a master's degree in social science from Temple University. Mr. Hankee's primary area of interest is security assistance and he has contributed to a number of recent Army studies dealing with this subject. His work has been published in military professional journals.

THE ROLE OF ARMS TRADE IN A CHANGING WORLD ENVIRONMENT

Once tools and weapons came into being, it is not possible to imagine any tribe or race of men remaining for long unarmed, for without weapons its members would have been rapidly exterminated.¹

Arms trade has been a lucrative business for several centuries and in all likelihood will remain so for many more. Arms have long been the symbol as well as the instrument of national power—used directly and indirectly by the advanced states to enhance their interests, and coveted by the less advanced states to enhance their prestige and bargaining power, both among one another and with advanced powers. Arms trade supports specific foreign policy and national security interests of the United States. In portraying the tremendous impact of armaments on the world today, one leading authority, George Thayer, writes:

We are living in an age of weapons. Never before in history have the weapons of war been so dominant a concern among the nations of the world. Their acquisition or presence determines, in large part, the makeup of governments, the course of foreign policy, the thrust of economic effort, and the social climate in which man lives. No significant act of contemporary history is free of their influence. Few other concerns in the world demand so much effort, time, and money. In one sense, armaments are mankind's most continuing good business. They can be used to balance

international accounts, create prosperity, and cement international relationships. On the other hand, however useful in trade and diplomacy they may be, armaments can—and do—provoke wars, ruin treasuries, bankrupt nations, destroy property and create panic. Thus, in another sense, armaments are also the world's most unsettling influence.²

There are those who argue that arms sales are intrinsically destabilizing and eventually lead to conflict. Others argue that an arms balance in areas of tension has, in most cases, inhibited the occurrence of conflict. Examples can be found to support either position. The purpose of this paper is to examine the role of arms trade in supporting US foreign policy and national security interests and to point out some of the benefits, problems, and trends associated with it. The moral ramifications of arms trade have been deliberately sidestepped because of the ambiguity of moral codes in the international arena.

BACKGROUND TO ARMS TRADE

In examining the role of arms trade, it is important to review briefly the historical background and its ramifications. The transfer of weapons among countries is not a new phenomenon and its origin can be traced back to ancient times. However, the invention of gunpowder and its introduction into Europe in the Middle Ages gave birth to the first true arms industry. During the 15th century, the most extensive manufacture of firearms was centered in Belgium, and arms were sold strictly for profit. The unscrupulous arms merchants of Liege sold arms to all buyers including Spain—a known enemy. Spanish troops were equipped with Belgian weapons when they attacked the Low Countries in 1576. This was the first recorded instance of the antinational traffic in arms.³

At the turn of the 19th century, the industrial revolution created the machinery and technology that led to mass production of the wide range of armaments known today. The arms industry continued to expand and numerous individuals and companies became active in a growing worldwide competition in arms trade.

From the late 19th century, through the first World War, arms trade was characterized by private discretion over arms sales, lack of government controls, and random transfers seldom related to formal diplomatic alliances. Arms frequently were sold to prospective enemies or to members of opposing power blocs.⁴ During the Russo-Turk War (1877), both sides were buying arms from the Remington Arms

Company. Remington also armed both sides in Cuba's revolt against Spain. Individually, Sir Basil Zaharoff of Britain and Francis Bannerman of the United States amassed large fortunes in private arms sales. These merchants were unconcerned about who their customers were and how their merchandise was used.

In Europe, World War I was fought with weapons developed and sold indiscriminately to all nations by profit-seeking individuals and companies. Many believed this war was caused largely by the unscrupulous arms merchants. British author Philip Noel-Baker put it this way:

All the Governments were criminally to blame, because, if they did not want war, they showed neither vigour, faith, nor imagination in their struggle against the drift to war. But those who started the deadly scares and "panics" were, in far too great a measure, the vested Armament Interests who hoped by that means to increase their trade. Throughout the ten years before the war these vested interests were working in a hundred ways to create the conditions in which the "sales resistance" of the Governments would be less. To this end they solicited orders; they bribed ministers, legislators and officials; they built up a powerful influence within the civil service, the War Departments and the Armed Forces of the various States; they sold arms to potential enemies, thereby compelling their own Governments to increase their orders in reply; they secured widespread influence on the Press, and used it to excite the fears of their own and other nations; they subsidized propaganda "societies" to demand a greater expenditure on national defense; they played one Government off against another; they created scares and panics. Thus they not only helped to stimulate the Armament Competition, in which, as Lord Grey has told us, 'lay the true and final account of the origin of the war,' they helped no less powerfully to create the defeatist certitude that war was coming, which in the end was the decisive factor when the floods of war broke loose.⁵

World War I was waged by 27 nations with some of them facing weapons manufactured in their own countries. German soldiers faced German-made weapons when they marched into Russia and later when Italy threw in with the Allies. France had also helped to arm her enemies. Both Bulgaria and Rumania had bought French arms and, during the war, they fought each other with French guns. The Turks sank British ships with arms purchased from British firms. Other examples of this type international trade in arms just before World War I are legion.

THE INTERWAR PERIOD

Following World War I, the League of Nations put forth a resolution

to ban the private manufacture of arms which received verbal support—but nothing concrete followed. Public opinion was aroused and two major investigations were conducted—the US Senate Munitions Inquiry (Nye Committee) of 1934-36 and the Royal Commission on the Private Manufacture and Trading of Arms, London, 1936. Both investigations revealed the many unsavory practices present in the arms industry: bribery, collusive bidding, profiteering, the violation of embargoes, illegal financing transactions, the production of shoddy equipment, and even sales to the enemy.⁶ As a result of the furor, the governments of most or all major nations began monitoring and licensing arms exports as a control. But in most cases, individuals and firms continued to initiate and conduct arms sales, and government controls were exercised mainly in a negative vein—to restrict sales in cases of actual ongoing conflict between nations, or in extreme cases where the national interest was involved. In any event, arms trade was not generally used as an instrument of foreign policy.⁷

Because of the relative absence of government constraints on arms sales in the 1930's, the unrestricted, random pattern of arms flows had little relationship to the network of formal alliances in being at the time. There were apparently no strong ties to what were to become the wartime Western and Axis alliances. In reviewing this relationship, Robert Harkavy states:

In many cases—in Latin America, the Middle East, and Europe—arms trade relationships appear to have existed almost in defiance of crazy-quilt and fast-changing alliance ties. In the couple of years preceding the outbreak of war, nonaggression pacts and consultative agreements appear to have been signed almost indiscriminantly by many nations maneuvering to avoid being odd-man out in case of war. Some of the agreements—such as the Franco-German alliance of 1938—appear in retrospect to have been little more than eyewash, or temporary promises by would-be aggressors not to attack other signees until other victims had been devoured. At any rate, one would not expect these alliances to be reflected in arms client relationships, and generally they were not.⁸

Thus, in the 1930's, the initiation and control of arms trade remained largely in the hands of private individuals and firms, and those who had hoped for nationalization of the trade were sadly disappointed. The world began rearming as never before and the private arms merchants began employing the same methods they adopted in the years before 1914—again with little government interference. Arms were sold at random with little regard to alliances and power blocs. US

firms were selling arms to Germany and Japan while German firms were selling arms to imminent victims such as Holland, Rumania, Greece, and Yugoslavia—right up to the eve of World War II.⁹ In 1934, the authors of "Merchants of Death" wrote so correctly: "The skies are again overcast with lowering war clouds and the Four Horsemen are again getting ready to ride, leaving destruction, suffering and death in their path."¹⁰

The role of arms trade changed forever after 1940 when governments supplanted individuals as the major dealers in arms. In 1940, President Roosevelt, fearing a Nazi conquest of Europe, provided 50 US destroyers to Great Britain in return for base rights.¹¹ In March 1941, Congress passed the Lend Lease Act which empowered the President to authorize the manufacture and provision of arms to any foreign nation whose defense he deemed vital to US security interests. This was the beginning of a large-scale US arms trade for the free world, and by the end of World War II the United States had given away some \$48.5 billion worth of arms and supplies to 48 nations.

THE POST-WORLD WAR II PERIOD

In a postwar world that became divided along bipolar lines, the US role in arms trade was clear and direct: arms were sold or given to countries that were closely associated with the United States in opposition to the Soviet Union and Communist China, based on the tenet that the security of friendly foreign countries was essential to the security of the United States. US arms trade was concentrated on the buildup of a Western collective security system. The Southeast Asia Treaty Organization (SEATO) and the Baghdad Pact, later to become the Central Treaty Organization (CENTO), were established in 1955, to complete a chain of military alliances bordering the Soviet Union and China. US arms exports to these "forward defense" areas consisted of sophisticated weapons to demonstrate the US commitment to defend these countries and also to improve their ability to withstand external attack without US intervention.¹² The old flexibility and instability of alliances was gone as the two rival blocs, each led by a superpower, were bound together by formally institutionalized military alliances. There was no evidence of conflict between arms suppliers relationships and alliances in contrast to the very complicated alliance crosscutting patterns of the 1930's. Grant aid rather than sales characterized US arms trade in the early postwar years. Then in 1961, the government, at

the urging of Secretary of Defense Robert S. McNamara, began to put more emphasis on selling arms for cash or credit.

In the post-World War II period, arms sales have become an important instrument of diplomacy and the issue of private versus public initiative and control of policy no longer prevails. All nations selling arms have effectively applied a system of licensing controls.¹³ This is not to say the the profit motive has been eliminated but rather that, where it operates, it is within the limits of conscious official policy.

More recently, changes in the international scene have made arms trade relationships a much more complex subject. The rigid bipolar world of the 1950's and early 1960's no longer exists. The reduction of ideological tensions and the relaxing of alliance bonds have led to a series of rather flexible alignments in various regions of the world and signs indicate a return to the multipolar, unstable condition of the interwar years.¹⁴ As the international system becomes more multipolar the political rationale for selling arms is being reinforced by economic pressures. Instead of foreign policy and strategy, some nations are using arms sales as a useful means of keeping their own defense industries alive. Competition is developing among the industrial nations to sell arms to the developing nations of the world. Thus, there is an increasing number of suppliers to choose from. Another important factor concerns the growing economic self-sufficiency of certain developing countries. Many of them now have the capability to either pay cash for their purchases or buy with the help of credit funds.

In the Middle East, the postwar interrelationship of alliances and arms trade patterns remains quite complex. In support of CENTO, the United States has established bilateral defense relationships with Iran, Pakistan, and Turkey. Nevertheless, Iran and Pakistan have acquired some arms from the Soviet bloc. The Soviet Union has been supplying arms to the Arab states over a long period of time without having entered into any formal military alliances (until very recently), although "treaties of friendship" have been established with Iraq and the United Arab Republic. As in the 1930's, within-region alliances have been combined with both cross-bloc and within-bloc arms acquisition patterns of all sorts.¹⁵ Some countries purchase arms from both the Soviet Union and the West.

Nine nations were the source of 97 percent of world military exports over the period 1964-73. They were the United States, the Soviet Union, the United Kingdom, France, China, Czechoslovakia, Poland,

Canada, and West Germany. Today, those who purchase from the United States vary widely in their security concerns and political orientations. There are, of course, the traditional US allies, such as the North Atlantic Treaty Organization (NATO) countries of Western Europe. In addition, the United States sells arms to Israel, Korea, Jordan, the Philippines, and Thailand—countries with which the United States maintains special ties and connections. In FY 1974, the US Government sold over \$8.2 billion worth of defense articles and services to some 70 different countries. Within the past 3 years, a substantial proportion of US arms trade has shifted to the Persian Gulf area where a spectacular transition is in progress in terms of the balance of economic power, the emergence of new political institutions, and the transfer of technology from industrialized nations to states in the region. Concerns for stability have loomed large since Britain's termination of its protective presence in 1971. Because the forces at work in the Persian Gulf could have a profound influence on the world balance of power, the US Government has developed a special relationship with a number of states in the area.¹⁶ The United States also has agreed to resume arms sales to Yugoslavia as part of a policy decision to support Yugoslavia's independent position in preparation for the departure of President Tito.

POLICY CONSIDERATIONS

In developing and implementing policy in arms trade, the US Government has developed, in recent years, a well-structured review process that passes on all arms sales requests within the framework of the Foreign Assistance and Foreign Military Sales Act. The normal review channel for arms transfers which involve appropriated funds is the Security Assistance Program Review Committee chaired by the Under Secretary of State for Security Assistance and consisting of representatives from State, Defense, Treasury, Office of Management and Budget, National Security Council, Agency for International Development, and Arms Control and Disarmament Agency. In cases of cash sales through government channels or commercial sales, the procedures vary somewhat depending on the type of case. All arms trade cases are processed within policy guidelines established by the State Department. Although the views of Defense Department officials are fully taken into account in the decisionmaking process, it should be emphasized that the Defense Department does not make policy with

respect to arms trade. The prime responsibility of the Defense Department is to implement national policy.¹⁷

There is a wide range of considerations normally involved in a US Government decision to supply, or not supply, arms to another country. Officially stated yardsticks for assessment are as follows:¹⁸

Political:

- The role the country plays in its surroundings and what interests it has in common with the United States and where US interests diverge.
- Whether the arms trade furthers US objectives more on balance than other economic or political measures.
- The position of influence that arms sales might help support, including the potential restraint that can be applied in conflict situations.
- Whether a particular sale would set a precedent which could lead to further requests for arms or similar requests from other countries.
- The current internal stability of the recipient country, its capacity to maintain that stability, and its attitude toward human rights.
- The disadvantages of not selling to a government with which the United States enjoys good relations.
- The options available to the recipient country. Will a refusal result in the country's turning to other sources of supply? What sources? What will be the political, military, and economic implications of this? If a country has options that it will *unhesitatingly employ*, by refusing to sell might the United States forfeit opportunities of maintaining a close relationship that could better enable it to develop or maintain parallel interests and objectives?

Economic:

- Whether the proposed arms sale is consistent with the country's development goals or the US economic assistance program, if there is one.
- Whether the sale might strain the country's ability to manage its debt obligation or entail operations and maintenance costs that might make excessive claims on future budgets.
- The economic benefits to the United States from the sale or coproduction of arms, especially to the oil-rich states. As significant as these benefits may be, however, they remain secondary and should never be considered solely to decide an issue.

Military:

- The threat the military capability is supposed to counter or deter, whether the United States agrees on the nature of the threat, and how

it relates to US security. During a period when the United States and some other major powers are transferring some security responsibilities, the United States must attempt to understand the security concerns of smaller countries. To the United States, another country's concerns may seem exaggerated; but to it, these concerns are usually very real.

- How the proposed arms trade affects the regional military balance, regional military tensions, or the military buildup plans of another country.
- Whether the recipient country has the capability to absorb and utilize the arms effectively.
- What other military interests—for example, overflight rights, access to facilities, or base rights—would be supported by the transaction.
- The impact on US readiness. At least since the Arab-Israeli War of October 1973, the United States has had to assess the impact of arms sales on the readiness posture of its own forces.
- Whether a substantial physical dependence on US sources of supply could enable the United States to better control conflict under some circumstances.
- Finally, except in special circumstances, the United States does not sell or otherwise transfer certain sensitive items such as hand-transportable surface-to-air missiles and weapons which are primarily designed for use against crowds.

The basic issue is to make the best possible systematic judgment in light of the totality of US interests just as is done in other international political judgments. And this is a critical point: security relationships are an element of foreign policy and thus neither more nor less subject to uncertainties than any other tool of policy. Like any other tool, they could theoretically be dispensed with. But in an age when the United States needs to exploit its capabilities to the maximum, it would be pointless to forgo the use of any tool that, when wisely used, promises substantial benefit at acceptable cost and risk.¹⁹

BENEFITS, PITFALLS, AND PROBLEMS

Arms sales are intended to support specific foreign policy and national security interests of the United States. In the past, such sales have improved internal order and increased the prospects for regional stability, thereby reducing the likelihood of direct US military involvement. Standardization of materiel, doctrine, and training is enhanced among allies and friends. The US production base is

maintained, US employment is increased, research and development costs are spread wider, unit costs to the US services reduced, and forward materiel support is facilitated. The US balance of payments is aided and closer relations, cooperation, and partnership with other nations are engendered.²⁰

On the other hand, the burgeoning arms sales program raises a number of major policy concerns: First, what is the effect of US current arms export policy on our European alliance relationships; second, to what extent have our military capabilities and our force readiness suffered as a result of increased sales of major US weapons systems; and, third, what are the prospects for arms control in the developing regions of the world given the present pace and pattern of the international traffic in arms?

On the question of arms sales and US relations with its European allies, the central fact is that while the financial success of US arms sales is beyond dispute, there is ample reason for concern as to the side effects of the vigorous sales campaigns. American sales efforts have, at times, been a source of great irritation in Europe and may also be a major cause of the increasing interest of Europeans in competing for arms markets in developing regions of the world. For example, the British charged the United States with ruthless high pressure salesmanship over Italy's decision to buy US M60 tanks instead of the British Chieftan battle tank.²¹

The problem of the arms sales impact on force readiness was magnified as a result of the October 1973 War in the Middle East. At that time the United States selected arms from US Reserve force inventories and from prepositioned NATO war reserve stocks in Europe and provided them to Israel under arms sales agreements on an emergency basis to maintain an arms balance in the Middle East. As a result there was some adverse impact on our short-term ability to deploy reinforcements to Europe. In addition, Reserve modernization will be delayed as a result of the transfer of armored combat vehicles, air-to-ground, anti-tank and air-to-air missiles, and fighter aircraft.²² However improved modernization will result as the older equipment diverted to allies is replaced with more modern items.

Finally, there is the question of the compatibility of our present arms trade policies with the US expressed desire to control arms races in the developing regions of the world. All signs point to increasing international arms trade which will be increasingly difficult to control. Arms are becoming more and more of a buyer's market as the sources

of supply continue to multiply. But any proposal to restrict the international sale of arms must take into account the fact that this trade exists because the recipients want it. If all the supplier nations decided to discontinue their international arms trade tomorrow, there would be a worldwide protest of governments condemning the action as an effort to undermine their independence.²³ As long as war is a possibility, there will be a demand for weapons. However, the world economic situation precludes most nations from manufacturing all types of armaments which they demand. As a result, nothing recurs more persistently in international conferences and treaties on disarmament than the demand of the nonproducing countries that their right to buy armaments abroad must not be restricted. The obligation of arms producing countries to sell arms is clearly established in various international treaties beginning with the Hague Convention and the Covenant of the League of Nations.²⁴

Attempts to control the flow of arms through restrictions/embargoes by the supplier nations have met with little success. But there is one area in the world in which a group of recipients has considered collective action to control arms trade within their region:

In December 1974, Argentina, Bolivia, Chile, Columbia, Ecuador, Panama, Peru, and Venezuela declared their intentions to create the conditions which will make possible the effective limitations of armaments and an end to their acquisition for offensive purposes so that all possible resources may be devoted to the economic and social developments of each country in Latin America.²⁵

What seems to be lacking in the US approach to the arms sales issue is a boldness of policy often demanded of a great power. It is commonplace to hear discussions on whether the United States should or should not sell arms to this or that country end with: "but if we don't sell it to them, the Russians (or the British, or the French, etc.) will." Many countries have exploited this flaw in the US armor to acquire arms we don't really want to sell them. Consequently, the United States may end up selling a certain country our latest supersonic aircraft for defense primarily because the country's leader says he will go to the Russians if we don't give him the equipment he wants. When this sort of compelling argument is added to the glint of a balance-of-payments success, a momentum is created which tends to divorce the process from its appropriate overall foreign policy context.

It seems imperative that at some point the United States take the risk

that great powers must take and simply say "No—go to the Russians or British if you must." Furthermore, the risks of such a policy of denial may not be as high as advertised.²⁶ In considering whether to sell arms or not, it may be a good idea to review some of the consequences that previous arms trade has produced for US competitors. As Professor John Kenneth Galbraith told the Senate Foreign Relations Committee in 1966:

Let me take note in passing of the recurring argument that if we do not provide arms to a country it will get them from the Soviets or possibly China. This is another example of that curious obtuseness which excessive preoccupation with cold war strategy produces in otherwise excellent minds. It was Soviet tanks that surrounded Ben Bella's palace in Algiers when the Soviet-supported leader was thrown out. It was a Soviet and Chinese equipped army which deposed the Indonesian Communists, destroyed the Communist Party in that ruthlessness on which one hesitates to dwell and which left Sukarno's vision of an Asian socialism in shambles. It was Soviet-trained praetorian guard which was expected to supply the ultimate protection to the government of President Nkrumah in Ghana, and which did not. One can only conclude that those who worry about Soviet arms wish to keep the Russians out of trouble. This could be carrying friendship too far.²⁷

The Soviet Union is not alone in running afoul of its own arms export policy. In the Pakistan-India War of 1965, both sides fought with arms supplied by the United States. The results of that conflict were contrary to US interests in that Pakistan was forced to become more neutral (less of a staunch US ally), and it led India to consider manufacturing nuclear weapons.²⁸ The Greek-Turkish disputes provide another example of unfavorable consequences for US arms trade policy.

TRENDS

The Soviet Union has progressively widened the range of countries to which it supplies arms and this policy has somewhat reduced the number of recipients for US arms. The appearance of China as an arms supplier, however modest, creates competitive problems for the Soviet Union similar to those which the Russians themselves had posed earlier to the United States.

In examining the relationship of arms trade with overall trade patterns, there is evidence to support the idea that arms sales can open the door for marketing other types of products. This has been true as a result of recent Soviet arms deals with Cuba, the United Arab Republic,

and Syria. The French also appear to be successful in employing arms trade in the Middle East as a "foot in the door" for broader economic influence, particularly with respect to oil concessions.²⁹ *Forbes* reported in May 1973 that France had acquired commercial business in both Argentina and Brazil as an outgrowth of arms sales.

In the Middle East, one leading authority states that: "each of the superpowers has become a patron, arming its client and thereby hoping to achieve its objectives through surrogates. But these acts produce their own escalating demands on the superpowers who are forced always to increase and intensify their commitment until, finally, it is the superpowers, not their clients, that are the dogs being wagged by the tail."³⁰

Most of the so-called third world countries have little or no capacity to produce modern arms at any level of economic sacrifice and are dependent on imports. Furthermore, most of them are politically indifferent as to where they secure their arms. The third world's trade in armaments is thus a shifting and important element in world politics.³¹

The problem for those countries trying to gain and preserve influence by the supply of arms is complicated by the appearance of an increasing number of alternative suppliers, particularly if they are hostile. Where there are alternative suppliers, the influence of the superpowers may be undermined.³²

Between the two world wars, public opinion directed its protest more or less indiscriminately against private arms manufacturers. Since World War II, opinion has become more specific and has focused not so much on arms manufacture and trading, per se, but on the really sensitive area of government arms-sales policy toward individual countries.³³ Witness the controversy in the United States over arms sales to Israel and that in the United Kingdom over sales to South Africa.

The character of US arms sales has undergone another major change in recent years. In the past it was unusual for the United States to sell its most advanced weapons to foreign governments. With the possible exception of some favored allies, foreign purchasers of US arms had to content themselves with older or obsolescent equipment. This pattern has changed quite radically in recent years, particularly in the Persian Gulf and Middle East, where oil-rich governments can afford to pay for the most modern sophisticated equipment. Thus, the purchaser gains full advantage of new technology and improvements in design.

Countries receiving highly sophisticated arms normally reflect close ties with the supplier and long-term logistics/training agreements. This gives the supplier nation considerable leverage over the recipient.

France has gone all out in recent years to pry arms markets from both of the superpowers. Now doubt, it has been impelled toward offering more modern arms as a substitute for the diplomatic backing normally associated with a superpower-client relationship. When the United States refused to sell Phantoms to Peru and Brazil, and insisted they purchase the less sophisticated F-5 Freedom Fighter, the French moved in with modern Mirages. And the French have recently begun to make similar moves in the Arab World where the Soviets have to a degree, moderated the quality of arms transferred in balancing US arms transfers to Israel.

SUMMARY

It is clear that arms trade flourishes because both suppliers and recipients conceive it to be useful in pursuing a number of military, economic, social, politico-strategic and technical objectives. The major supply of arms is still in the hands of a few countries, but the list of competitors is growing and all signs point to broadened arms supplier markets in all categories of weapons. As a result of increasing suppliers, the amount of political influence that can be obtained through arms trade will undoubtedly decrease accordingly. Every sign points toward a continued growth in international arms trade with emphasis shifting from purely military or ideological considerations to economic considerations.

The reduction of ideological tensions and the relaxing of alliance bonds have led to a series of rather flexible alignments, cross-bloc and random arms trade in various regions of the world. Some countries are receiving arms from both the Soviet Union and the United States. The United States is providing arms to both Israel and its Arab enemies. Many recent arms sales negotiations appear to be random and ad hoc, often with unforeseen or unintended consequences. These signs indicate a dangerous trend toward a return to the unstable multipolar condition of the pre-World War I and II days with profit-seeking arms companies hustling business much as they did then. There is one important difference, however; government control has replaced private control, and public opinion has prompted Congress to step in and take unprecedented control over the US sale of arms to foreign countries.

This action should mitigate the trend toward a return to the arms trade patterns of pre-World War I and II which were described earlier. Merely giving Congress a bigger role in setting guidelines for arms sales won't automatically assure a better policy for the United States, however. This will require a well-informed Congress to act on future arms trade transactions with full knowledge of the probable impact upon the US economy and national security.

US policy has been to render arms sales to nations when it is in our national interest, and logically it will continue to be our policy. Decisionmakers at all levels who are concerned with arms trade must keep well informed of the benefits, pitfalls, and problems discussed earlier and should at least be familiar with certain lessons of history as a general guide. While it is difficult to fault the officially stated list of considerations affecting transfer decisions, the developing nature of the international arms situation demands that the governmental machinery designed for the management of the US arms sales program be adequate to the task of bringing US actions in line with stated policy and objectives—both short and long range.

The international arms trade has far deeper roots than the purported greed of the "merchants of death"—the arms supplier nations. Any proposal to restrict the arms trade to the nations of the third world would be met with loud protests by the recipient governments. In consideration of the fact that arms trade exists because of the demand by recipients, perhaps more thought should be given to the feasibility of having collective control initiated by regional groups of recipient nations such as that mentioned earlier in Latin America.

Attempts to control arms trade have never been very effective at any time in history but could be more urgently needed now than at any time since the 1930's. In view of the current pattern of arms trade, prudence would seem to dictate that well-defined limits be placed on further international sales. However, some insight as to the prospects for arriving at a comprehensive system for control of arms may best be expressed in a conclusion presented by a previously mentioned authority:

Arms trade is an essential element in the chaos and anarchy which characterize our international politics. To eliminate it requires the creation of a world which can get along without war by settling its differences and disputes by peaceful means. And that involves remaking our entire civilization.³⁴

ENDNOTES

1. J. F. C. Fuller, *Armament and History*, p. 5.
2. George Thayer, *The War Business*, pp. 18-19.
3. H. C. Engelbrecht and F. C. Hanighen, *Merchants of Death*, p. 14.
4. Robert C. Harkavy, *The Arms Trade and International Systems*, pp. 32-33.
5. Philip Noel-Baker, *The Private Manufacture of Armaments*, pp. 555-556.
6. Thayer, p. 32.
7. Harkavy, p. 37.
8. *Ibid.*, p. 134.
9. *Ibid.*, p. 33.
10. Engelbrecht and Hanighen, p. 272.
11. Thayer, p. 35.
12. Stockholm International Peace Research Institute (SIPRI), *The Arms Trade with the Third World*, pp. 141-142.
13. Harkavy, p. 37.
14. *Ibid.*, p. 130.
15. *Ibid.*
16. US Congress, Senate, Committee on Foreign Relations, Subcommittee on Foreign Assistance, *Foreign Assistance Authorization: Arms Sales Issues*, Hearings, pp. 119-126, "Statement of Thomas Stern."
17. *Ibid.*, p. 99.
18. *Ibid.*, p. 100.
19. *Ibid.*, p. 101.
20. US Department of Defense, Defense Security Assistance Agency, *Military Assistance and Sales Manual*, Part III, Chapter B, Foreign Military Sales Policies, Guidelines and Restrictions, p. B-1.
21. US Congress, Senate, Committee on Foreign Relations, *Arms Sales and Foreign Policy*, pp. 8-9. (Hereafter referred to as *Arms Sales and Foreign Policy*.)
22. Howard M. Fish, "Foreign Military Sales," *Commanders Digest*, May 29, 1975, p. 3.
23. Laurence Martin, *Arms and Strategy*, p. 266.
24. Engelbrecht and Hanighen, p. 265.
25. Edward J. Laurance, "Arms Transfers and Influence in Latin America," *Paper Presented to Annual Meeting of the International Studies Association*, February 1976, p. 8.
26. *Arms Sales and Foreign Policy*, pp. 11-12.
27. Testimony before the Senate Foreign Relations Committee on the 1966 Foreign Assistance Act, April 25, 1966.
28. Thayer, p. 20.
29. Harkavy, p. 133.
30. Anne H. Cahn, "Have Arms, Will Sell," *The Bulletin of the Atomic Scientists*, April 1975, p. 12.
31. Martin, p. 253.
32. *Ibid.*, p. 261, 263.
33. John Stanley and Maurice Pearton, *The International Trade in Arms*, p. 233.
34. Engelbrecht and Hanighen, p. 272.

BIBLIOGRAPHY

- Cahn, Anne H. "Have Arms, Will Sell." *The Bulletin of the Atomic Scientists*, April 1975.
- "Congress Fires on Arms Exports." *Business Week*, August 11, 1975.
- "Cutting Arms Sales." *The New York Times*, February 24, 1976, p. 34.
- Engelbrecht, H. C., and Hanighen, F. C. *Merchants of Death*. New York: Dodd, Mead and Company, 1935.
- Engelmann, Bernt. *The Weapons Merchants*. New York: Crown Publishers, 1964.
- Fish, Howard M. "Foreign Military Sales." *Commanders Digest*, May 29, 1975.
- Frank, Lewis A. *The Arms Trade in International Relations*. New York: Praeger, 1969.
- Fuller, J. F. C. *Armament and History*. New York: Charles Scribner's Sons, 1945.
- Harkavy, Robert E. *The Arms Trade and International Systems*. Cambridge: Ballinger Publishing Company, 1975.
- Klare, Michael T. "The Political Economy of Arms Sale." *Society*, September/October 1974.
- Leiss, Amelia C., et al. *Arms Transfers to Less Developed Countries*. Cambridge: MIT Center for International Studies, 1970.
- Martin, Laurence. *Arms and Strategy*. New York: McKay, 1973.
- Noel-Baker, Philip. *The Private Manufacture of Armaments*. London: V. Gollancz, 1936.
- Stanley, John, and Pearton, Maurice. *The International Trade in Arms*. London: Chatto and Windus, 1972.
- Stockholm International Peace Research Institute (SIPRI). *The Arms Trade and the Third World*. New York: Humanities Press, 1971.
- Thayer, George. *The War Business*. New York: Simon and Schuster, 1969.
- "The US Army Sales Program." *Congressional Record*, October 2, 1974, pp. S18082-18086.
- US Congress. Senate. Committee on Foreign Relations. Subcommittee on Foreign Assistance. *Foreign Assistance Authorization: Arms Sales Issues*. Hearings, 94th Congress, 1st Session. Washington: US Government Printing Office, 1976.
- US Congress. Senate. Foreign Relations Committee. *Arms Sales and Foreign Policy*. Staff Study, January 25, 1967.
- US Department of Defense. Defense Security Assistance Agency. *Military Assistance and Sales Manual*. Part III. Washington: 1974.
- US Department of Defense. *Department of Defense Directive 5105.30: Military Assistance and Sales Manual*. Washington: July 19, 1974.
- World Military Expenditures and Arms Trade, 1963-1973*. Washington: US Arms Control and Disarmament Agency, 1975.

OTHER RECENTLY PUBLISHED MEMORANDA

Detente, National Security, and Multinational Corporations	AD A013014
Nonconsonant Detente and NATO	AD A013522
Deterrence and Detente	AD A013979
The Impact of Crises on the Evolution of Strategy and Forces in an Era of Detente	AD A014158
The Terror Trap	AD A014159
Collective Defense, Neutralization, and the Balance of Power: Contending Security Policies in Southeast Asia	AD A015464
Precision Guided Munitions: Implications for Detente	AD A015465
Chile, 1964-74: The Successes and Failures of Reformism	AD A015466
International Leadership in an Era of Detente	AD A015467
Detente and the Eastern Mediterranean	AD A016859
Terrorism and the Military Response	AD A016860
The Prospects of Soviet American Alliance	AD A016884
A Fifth Round in the Middle East? Western European Perceptions	AD A017049
Nuclear Strategy for Defending a Border	AD A017050
Being Number One Nation: Primacy and Detente	AD A017794
Interests and Strategies in an Era of Detente: An Overview	AD A019091
The Relevance of Civilian Based Defense to US Security Interests	AD A020178

Copies of any of these memoranda may be obtained from the Defense Documentation Center. The request, indicating title and AD number, should be sent to the following address:

Defense Documentation Center
Cameron Station
Alexandria, VA 22314

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER ACN 76054	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle) The Role of Arms Trade in a Changing World Environment		5. TYPE OF REPORT & PERIOD COVERED Military Issues Research Memorandum
		6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s) WILLIAM B. HANKEE		8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS Strategic Studies Institute US Army War College Carlisle Barracks, PA 17013		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS		12. REPORT DATE 15 December 1976
		13. NUMBER OF PAGES 19
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report) UNCLASSIFIED
		15a. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report) Approved for public release; distribution unlimited.		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number) Security assistance, international arms trade, weapons, foreign policy, alliances, national security, arms control.		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number) This paper examines arms transfer policies, patterns, and trends since World War I and determines their role as a function of international power and diplomacy. It determines the relationship between arms trade and overall trade patterns. Factors affecting US arms sales to other countries are explored, with focus on the relationship between arms sales and US security. The paper discusses the interrelationship of arms trade patterns and alliance arrangements, with attention given to the benefits, pitfalls and problems associated with arms sales		

DD FORM 1 JAN 73 1473 EDITION OF 1 NOV 65 IS OBSOLETE

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

19

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE(When Data Entered)

Releasable
to be considered by decisionmakers when acting on future arms trade transactions.

20

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE(When Data Entered)